

BHARAT BIJLEE LIMITED

RELATED PARTY TRANSACTIONS POLICY

**[Amended in accordance SEBI (LODR) (Sixth Amendment) Regulations, 2021
notified on November 09, 2021]**

[Adopted and approved at the Board Meeting held on July 28, 2022]

[Effective from April 01, 2022]

1. PREAMBLE

The Board of Directors of **Bharat Bijlee Limited** ('BBL') has adopted the following Policy and procedures with regard to Related Party Transactions as defined elsewhere in this Policy document.

The Policy envisages the procedure governing Related Party Transactions required to be followed by the Company to ensure compliance with the Laws and Regulations in force.

This Policy is modified / revised as per the requirements of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the Listing Regulations), as amended by SEBI Notification Nos. - SEBI/LAD-NRO/GN/2021/55 dated November 09, 2021 and SEBI /HO/CFD/CMD1/CIR/P/2021/662 dated November 22, 2021 and pursuant to Section 188 and other applicable provisions of the Companies Act, 2013 (as amended from time to time) and the applicable Rules under the Companies (Meetings of the Board and its Powers) Rules, 2014 and all such other Rules & Regulations, as may be applicable in this regard.

This Policy replaces the previous Policy which was approved by the Board of BBL at its Meeting held on January 23, 2015 and shall come into force w.e.f April 01, 2022

2. OBJECTIVE:

This Policy shall regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable on the Company and also lay down mechanism for identification, approval, review and reporting of such transactions.

3. EFFECTIVE DATE:

This Policy has been amended and adopted by the Board of Directors of the Company at its Meeting held on July 28, 2022, to be effective from April 01, 2022.

4. DEFINITIONS:

- “**Act**” means the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactments thereof;
- “**Listing Regulations**” means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any modifications, amendments, clarifications, circulars or re-enactments thereof;

- **“Board”** means the Board of Directors of the Company in terms of the Act;
- **“Company”** means **Bharat Bijlee Limited**;
- **“Audit Committee or Committee”** means the Committee of the Board of Directors of the Company;
- **“Key Managerial Personnel”** means Key Managerial Personnel as defined under the Act and includes :
 - i. Managing Director or Chief Executive Officer or Manager
 - ii. Whole-time Director
 - iii. Chief Financial Officer
 - iv. Company Secretary
- **“Policy”** means Related Party Transaction Policy.
- **“Arm’s Length basis”** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest. For determining Arm’s Length basis, guidance may be taken from the transfer pricing provisions under the Income-Tax Act, 1961;
- **“Related Party”** means a Related Party as defined under Section 2(76) of the Act read with Regulation 2(1)(zb) of the Listing Regulations, as amended

Related Party with reference to a company means :

- i. a director or his relative;
- ii. key managerial personnel or his relative;
- iii. a firm, in which a director, manager or his relative is a partner;
- iv. a private Company in which a director or manager or his relative is a member or director;
- v. a public Company in which a director or manager and holds along with his relatives, more than two per cent of its paid-up share capital;
- vi. anybody corporate whose Board of Directors, managing director, or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;

- vii. any person on whose advice, directions or instructions a director or manager is accustomed to act :

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

- viii. any Body corporate which is -

- a) holding, subsidiary or an associate company of such company; or
- b) subsidiary of a holding company to which it is also a subsidiary
- c) an investing company or venturer of the company*

Explanation: For the purpose of this clause, “the Investing Company or the Venturer of a Company” means a body corporate whose investment in the Company would result in the Company becoming an associate Company of the body corporate.

- ix. such other person as may be prescribed

Provided that

- (a) any person or entity forming a party of the Promoter or Promoter Group of the listed entity; or
- (b) any person or any entity, holding equity shares:
 - ☐ of twenty percent (20%) or more; or
 - ☐ of ten percent (10%) or more, with effect from April 01, 2023;

in the listed entity either directly or on a beneficial interest basis as provided under Section 89 of the Companies Act, 2013, at any time, during the immediately preceding financial year; shall be deemed to be a related part

- **“Relative”** means relative as defined under the Act, as reproduced below

- i. Members of a Hindu Undivided Family;
 - ii. They are husband and wife; or
 - iii. One person is related to the other in such manner as may be prescribed.
- Under Rule 4 of the Companies (Specification of Definitions Details) Rules, 2014-

A person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely:

- i. Father (including step-father)
- ii. Mother (including step-mother)
- iii. Son (including step-son)

- iv. Son's wife
- v. Daughter
- vi. Daughter's husband
- vii. Brother (including step-brother)
- viii. Sister (including step-sister)

- **“Related Party Transactions”**

- i. **For the purpose of the Act**, means transactions specified under Section 188 of the Act entered into with a Related Party as defined in Section 2(76) of the Act; and
- ii. **For the purpose of the Listing Regulations** means any transaction as defined under Regulation 2(1)(zc) of the Listing Regulations,

- **“Material Related Party Transaction”** means a Related Party Transaction which individually or taken together with previous transactions during a financial year, exceeds ₹ 1,000 Crore (Rupees one thousand crore only) or 10% (ten percent) of the annual consolidated turnover of the Company whichever is lower as per the last audited financial statements. Provided that in case of any amendment to the Act or Listing Regulations, definition of Material Related Party Transactions will be deemed to be changed without any further approval of Audit Committee or Board. Provided further that a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed 5% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.
- **“Material modifications”** means any modification to the existing Related Party Transaction which were approved by the Audit Committee or by the Board of Directors or Shareholders, as the case may be, during the year which has the effect of increasing or decreasing the value of such Related Party Transaction by 25% or more of the value of such RPT
- **“Transactions in the ordinary course of business”** mean transactions or contracts or arrangements or activities that are connected to or necessary for the business of the Company and satisfy the following principles:
 - i. Covered in the main object / objects incidental to main object under the Memorandum and the Articles of Association of the Company;
 - ii. carried on a frequent or regular basis or are usual in nature or are as per the customs or industry practice; and

- iii. the terms of which are similar to those which would be otherwise applicable to transactions with unrelated parties.

Transactions in the ordinary course of business shall cover the businesses of the Company and would include activities to be carried out incidental to or to facilitate the business of the Company.

Any other term(s) not defined herein shall have the same meaning as defined in the Act and Listing Regulations or any other applicable law or regulation.

5. POLICY :

All Related Party Transactions and subsequent Material Modifications shall be subject to prior approval of the Audit Committee of the Company at a Meeting or by any other manner as provided by the Act or the rules and regulations made thereunder.

Provided that only those Members of the Audit Committee, who are Independent Directors, shall approve Related Party Transactions.

The said transactions shall be disclosed in accordance with the requirements of the Act, and the Listing Regulations.

6. OMNIBUS APPROVALS RELATED TO THE RELATED PARTY TRANSACTIONS :

The Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to compliance with following conditions:

- (a) The Committee, upon obtaining approval from the Board shall lay down the criteria for granting the omnibus approval which shall include the following:
 - i. maximum value of the transactions, in aggregate, which can be allowed under the omnibus approval route in a year;
 - ii. the maximum value per transaction which can be allowed;
 - iii. extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
 - iv. review, at such intervals as the Committee may deem fit, Related Party Transactions entered into by the Company pursuant to each of the omnibus approval made; and
 - v. transactions which cannot be subject to the omnibus approval by the Committee.

- (b) The Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company and shall consider the following factors while specifying the criteria for making omnibus approval:
 - i. repetitiveness of the transactions (in past or in future); and
 - ii. justification for the need of omnibus approval.
- (c) Such omnibus approval shall specify
 - i. the name/s of the Related Party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into;
 - ii. the indicative base price / current contracted price and the formula for variation in the price if any, and
 - iii. such other conditions as the Committee may deem fit;

Where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, the Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 Crore per transaction
- (d) The Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given;
- (e) Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company;
- (f) Such omnibus approvals shall be valid for a period not exceeding 1 financial year and shall require fresh approvals after the expiry of such financial year;

7. MATERIALITY THRESHOLDS:

Regulation 23(1) of SEBI Regulations requires a company to provide materiality thresholds for transactions beyond which the prior approval of shareholders will be required by way of an Ordinary Resolution.

In accordance with the SEBI Regulations, all transactions with a Related Party shall be considered material if the transaction/transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover of the Company or Rs 1,000 crores, whichever is lower, based on the last audited financial statements.

A transaction involving payments made to a Related Party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed 5% of the annual consolidated turnover as per the last audited financial statements of the Company.

8. DETERMINATION OF MATERIALITY OF RELATED PARTY TRANSACTIONS

Material Related Party Transactions shall be determined by applying the following criteria:

Category of Transactions	Materiality Thresholds under the Companies Act, 2013 (for transactions not in ordinary course of business and not on an arm's length basis)	Materiality Thresholds under the Listing Regulations
Sale, purchase or supply of any goods or materials	10% or more of turnover	Transaction, individually or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.
Selling or otherwise disposing of, or buying, property of any kind	10% or more of net worth	
Leasing of property of any kind	10% or more of turnover	
Availing or rendering of any services	10% or more of turnover	

Related Party's appointment to any office or place of profit in the company, its subsidiary company or associate company	At a monthly remuneration exceeding Rs.2.5 Lakh	
Underwriting the subscription of any securities or derivatives thereof, of the company	1% of net worth	
Any other transaction with a Related Party	Transaction, individually or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company	

Explanation:

- i. The turnover or net worth referred in the above shall be computed on the basis of the audited financial statement of the preceding financial year.
- ii. The threshold limits under the Act, mentioned above shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

9. APPROVAL OF THE BOARD OF DIRECTORS:

The Audit Committee shall report all Material Related Party Transactions & subsequent Material Modifications to the Board.

Where approval of Board is required for any Related Party Transaction or if the Board in any case elects to reviews any such matter or it is mandatory under any law for the Board to approve the Related Party Transaction, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

Any member of the Board who has any interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transactions.

10. APPROVAL OF THE SHAREHOLDERS:

If a Related Party Transaction is :

- i. a material transaction as per Regulation 23 of the Listing Regulations, or
- ii. Transaction with Related Parties covered within the scope of Section 188 of the Act, which are either not in the ordinary course of business or not on 'arm's length basis and exceeds the threshold under section 188 of the Act, then such RPT and any subsequent material modification thereto, shall require shareholders' approval by a resolution.

In such a case, any Member of the Company who is a Related Party, irrespective of being related to the said transaction or not, shall not vote on resolution passed for approving such Related Party Transaction.

All material related party transactions and subsequent material modifications as defined by the audit committee shall require prior approval of the shareholders through ordinary resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

11. TRANSACTIONS WHICH DO NOT REQUIRE APPROVAL :

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee:

- i. Any transaction involving the providing of compensation to a Director or Key Managerial Personnel in connection with his duties to the Company including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- ii. Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.

12. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY :

In the event the Company becomes aware of a transaction with a Related Party that has not been approved under this Policy the matter shall be reviewed by the Audit Committee.

The Audit Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including but not limited to ratification, revision or termination of the Related Party Transaction, to the extent permissible under the law.

In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

13. DISCLOSURE OBLIGATIONS OF DIRECTORS & KEY MANAGERIAL PERSONNEL:

Every Director shall, at the beginning of the Financial Year or whenever any change occurs, provide information by way of written notice to the Company, regarding his concern or interest in the entity with specific concern to parties which may be considered as a Related Party with respect to the Company and shall also provide the list of relatives which are regarded as a Related Party as per this Policy. Directors are also required to provide the information regarding their engagement with other entity during the financial year which may be regarded as a Related Party according to this Policy.

Accordingly, the Company will determine whether a transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.

14. EXISTING RELATED PARTY TRANSACTIONS :

This Policy shall operate retrospectively and all the Agreements, if any, which have since been entered before the effective date of this Policy and are in accordance with the then prevailing laws shall be valid and effective.

However, any Agreement for material transactions, if any, which has been already approved and continued to be operational beyond April 01, 2022, shall be reviewed before approval or otherwise, by the Audit Committee and the Board.

This Policy will be communicated to all Directors, KMPs, operational employees and other concerned persons of the Company and the definition / provisions of the Policy herein shall be deemed to have been amended to the extent of any alterations in laws/ statutes by virtue of an amendment.

15. DISCLOSURE AND REPORTING :

The details of Related Party Transactions during the quarter shall be disclosed in the Audit Committee and Board Meeting Minutes. The Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the Omnibus Approval given, if any.

Disclosure will be made in the Company's Annual Report and to the Stock Exchanges as required under the Act and the Listing Regulations.

This Policy shall be uploaded on the website of the Company: www.bharatbijlee.com and the web link there to shall be provided in the Annual Report of the Company.

16. AUTHORITY TO MAKE ALTERATIONS:

- This Related Party Transaction Policy shall stand modified by the provisions of the Act, the Rules made there under and Listing Regulations, as amended from time to time;
- BBL reserves the right to amend / modify any provision(s) with a new provision(s) or replace this entire Policy with a new Policy, in accordance with any regulatory amendment or notification or otherwise, at any time without assigning any reason whatsoever;
- In any circumstance where the terms of this Policy differ from any law, rule, regulation etc. for the time being in force, the law, rule, regulation etc. shall take precedence over the Policy.
